

SECRET



PERSONAL

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Prime Minister

This refers to the DHSS Seminar. I did not hear the conversation at lunch

described by Sir K. Stowe,

but are you content that work should be done on this idea, on a very restricted basis, as a possibility for a development of policy in the next Parliament?
26 September, 1983

Yes
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DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522 ext 6981
From the Permanent Secretary
Sir Kenneth Stowe KCB CVO

Robin Butler, Esq.,
No. 10 Downing Street,
London SW1

FEB
3.10.

Dear Robin

Thank you for your letter of 16 September. Ministers and the senior officials concerned have read your letter. No copies taken.

We are now preparing for my Secretary of State's consideration proposals for taking forward the work which the seminar identified as needing to be done: we will be writing to you, Treasury and Cabinet Office in due course.

There is one further task not identified in your letter which arises from further discussion over lunch with the Chancellor and the Prime Minister, relating to provision for the very elderly. The point was made that it would help to meet the need for long-stay caring homes (as distinct from hospital) for the growing number of the very elderly if:

- a) there were a charge for such residential care provided by the NHS; and
- b) it bore a reasonable relationship both to the charge likely to be made in the private sector and to what could be provided from social security benefits (which are already meeting such charges, taking account of the old persons' other resources, in a growing number of cases'.) It was thought that this approach would not only raise revenue which could offset the growing costs of these long-stay patients but would help to establish a market for such care which the private sector could expand to meet - thus providing the old people and their relatives with

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something better than the present Hobson's choice of some of our long-stay dustbins. The Prime Minister was quite clear that the existing pledge against hotel charges was a decisive obstacle to early progress on this. She seemed, however, when I talked to her myself at lunch about this to see that it made sense in our study of the problem of the very elderly to look at options which might be the basis of policy in the next Parliament - here the problem will still be with us and getting worse. Obviously, this would need to be done sensitively.

I would not want to propose the inclusion of this option in our programme without a prior instruction from you by way of amplification of the relevant part of your letter. You may wish to consider this.

I am copying this to Alan Bailey and Robert Armstrong.

Yours sincerely,

Ken.



cc R. Ammerstrong
A. Bailey (HRTI) 8

10 DOWNING STREET

From the Principal Private Secretary

4 October 1983

Thank you for your letter of 26 September. I did not hear the conversation at lunch which you describe, but I have had a word with the Prime Minister about it and she agrees that my letter about further work should be amplified on the lines that you suggest, i.e. that work should be done on the idea in your letter, on a very restricted basis, as a possibility for a development of policy in the next Parliament.

E. E. R. BUTLER

Sir Kenneth Stowe KCB, CVO.
Department of Health and Social Security,

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